Audit's® MARKET ANALYSIS OF SECURITIES OF REITS AND REAL ESTATE COMPANIES

Realty Stock Review

RECEIVED MAR 22 1988

March 11, 1988

Dear Subscriber,

With this issue we begin a major expansion of REALTY STOCK REVIEW.

Our goal is to bring you more current information and advice upon major realty stocks and at the same time create single issues that will cover major groups of stocks at the same point in time.

This mid-month issue of March is our first EQUITY TRUST REVIEW ISSUE. It contains reviews of 14 major equity REITs. The reviews are briefer (one-half page each) than those we have published in the past but contain all information essential to an investment decision.

In July, four months hence, we will add another 16 equity trusts to the EQUITY TRUST REVIEW ISSUE to bring you current reviews of 30 equity trusts in a full 16 page issue. This group of equity trusts will then be reviewed three times a year (i.e., in March, July and November).

In turn this EQUITY TRUST REVIEW ISSUE will be joined by three other review issues of major groups, as follows:

LEASEBACK REITS & OWNERSHIP MLPS - 30 stocks

MORTGAGE/COMBINATION REITS AND MORTGAGE BANKERS - 30 stocks

INVESTMENT BUILDERS AND HOMEBUILDERS/DEVELOPERS - 38 stocks

Names of the stocks to be included in each group are printed on the reverse side of this letter. They account for about 90% of market value and trading volume of all realty stocks.

Stocks not included in this primary coverage list will be reviewed as needed in a reformatted 6-page statistical issue at the end of each month. Factual news items of these and all realty stocks will continue to be included in our companion service, REALTY STOCK DIGEST.

We believe this major expansion of REALTY STOCK REVIEW will enable you to keep abreast of information and advice on widely held and actively traded securities you hold on a more regular and frequent basis. Your comments will be welcomed as we move forward with this expansion.

Very truly yours,

Kenneth D. Campbell

Kenneth D. Campbell, Publisher

KENNETH D. CAMPBELL, PRESIDENT **FAYE KREISMAN**, STATISTICS **MICHAEL HOUSTON**, ANALYST/**AUDIT** INVESTMENTS, INC.,
136 SUMMIT AVENUE, MONTVALE, NJ 07645-1720 Phone (201) 358-2735

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PUBLISHED TWICE MONTHLY ON THE SECOND AND FOURTH FRIDAYS. SUBSCRIPTION $264 ANNUALLY/GROUP RATES ON REQUEST

EQUITY REITS (30)
(Mar.-July-Nov.)

Bradley Real Estate
BRE Properties
*Burnham Pacific
*California REIT
Chicago Dock & Canal
Cousins Properties
Dial REIT
Duke Realty
*EQK Realty Inv.
*Federal Realty
*First Union RE
Hotel Investors
HRE Properties
*Intl. Income Props.
*IRT Property Co.
MGI Properties
MSA Realty
New Plan Realty
Pennsylvania REIT
Presidential Realty
Prudential Realty
*REIT of Calif.
*Santa Anita Realty
Sizeler Prop. Inv.
*Storage Equities
Trammell Crow RE Inv.
*United Dominion Realty
*Washington REIT
*Weingarten Realty
*Western Investment RE

LEASEBACK REITS & OWNERSHIP MLPS (30)
(Apr.-Aug.-Dec.)

REITs
*Americana Hotels
*Amer. Health Props.
*Angell Care RE
*Beverly Investment Prop
California Jockey
CleveTrust Realty
*Eastgroup Properties
Health Care Property
*Health Care REIT
*HealthVest
*Health & Rehab. Props.
Hollywood Park Realty
*Meditrust
One Liberty Props.
Universal Health Realty

MLPs
American Income Props.
American RE Partnerships
*Burger King Inv.
CalFed Income Part.
*EQK Green Acres
*Equitable Real Estate
Fine Homes Intl.
*Forum Retirement Part.
*Interstate Genl.
LaQuinta Motor Inn LP
National Realty
Prime Motor Inns LP
Red Lion Inns
Shopco Laurel Centers
Winthrop Insur. Mtg.

MORTGAGE/COMBINATION REITS AND MORTGAGE BANKERS (30)
(May-Sept.-Jan.)

*American Realty
*BRT Realty
*Cenvill Investors
*Copley Properties
Countrywide Credit
Countrywide Mortgage
*Federal Nat. Mortgage
*ICM Property Inv.
*Integrated Resources
Johnstown Consol. Realty
*L&N Housing
*Lomas & Nettleton Mtg.
Lomas Mtg. Corp.
*Lomas & Net. Financial
MDC Asset Investors
*Mellon Partic. Mtg.
Merry Land & Invest.
*MONY Real Estate
Mtg. & Realty Trust
Mtg. Investments Plus
Paine Webber Res. Mtg.
Property Capital Trust
Rock. Center Props.
*Strategic Mortgage Inv.
Travelers REIT
Travelers Rlty. Income
VMS Hotel Investors
VMS Short-term Invest.
VMS Strategic Land
Wedgestone Financial
*Wells Fargo Mtg.

INVESTMENT BUILDERS & HOMEBUILDERS/DEVELOPERS (38)
(June-Oct.-Feb.)

Amrep Corp.
Bay Financial
*Calton
*Castle & Cooke
Centennial Group
*Centex
*Fairfield Commun.
*Forest City Enter.
*General Development
Gould Investors
*Grubb & Ellis
*Hovnanian Enter.
*K&B Home Corp.
*Koger Co.
*Koger Props.
Landmark Land
*Leisure & Technology
*Lennar Corp.
*Major Realty
*MDC Holdings
*Newhall Land & Farming
*NVRyan LP
Patten Corp.
Perini Invest. Props.
PHM Corp. (Pulte)
Princeville Devel.
Reading Co.
*Rouse Co.
Ryland
Santa Fe So Pacific
Southland Fincl. (?)
Southmark Corp.
Std. Pacific LP
Toll Bros.
UDC-Universal
Unicorp Amer.
US Home Corp.
Del E. Webb Corp.

*Scheduled for initial review Mar.-Apr.-May-June 1988.

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Audit's. MARKET ANALYSIS OF SECURITIES OF REITS AND REAL ESTATE COMPANIES

Realty Stock Review

March 11, 1988 (Priced Mar. 15) VOL. XIX, NO. 5

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EQUITY TRUST REVIEW: AVERAGE PAYOUT EXPECTED TO RISE ABOUT 2% IN 1988

That headline isn't a mistake but reflects the limits of statistics.

We are reviewing 14 equity REITs in this issue and believe that 8 will increase dividends in 1988 while 5 hold payout level with no cuts expected. That leaves one REIT where payout will fall significantly: **California REIT** where 1988 payout is expected to fall by 37.5% to $0.40. Without CT in the sample, equity trust payout would rise 3.4% in 1988.

Here's our tally of 1987 and expected 1988 dividends for the 14 REITs:

Trust	1987	1988	% Chng.
Burnham Pacific...	$1.14A	$1.24	+8.8%
California REIT...	0.64	0.40	-37.5
EQK Realty........	1.66	1.66	NC
Federal Realty....	1.14	1.24	+8.8
First Union Re....	1.50	1.50	NC
Int'l. Income Pr..	1.04	1.04	NC
IRT Property Co...	1.30	1.36	+4.6
REIT of Calif.....	1.335	1.34	+0.4
Santa Anita Cos...	2.04	2.04	NC
Storage Equities..	1.40	1.40	NC
United Dominion...	1.02	1.10	+7.8
Washington REIT...	1.31	1.40	+6.9
Weingarten Rlty...	1.60	1.68	+5.0
Western Inv. RE...	1.165	1.24	+7.3
Totals.........	**$18.29**	**$18.64**	**+2.0%**

This table is a valuable by-product of our new format for stock reviews, as detailed in the enclosed letter. Major changes are:

--<u>EPS/Dividend focus</u>. Basically we are focusing upon operating EPS and CFS results and projections for the coming year within the context of results for the past four years (an extension from the previous three-year span used in previous reviews). For equity REITs, we are focusing more tightly on operating results excluding capital gains, which can vary widely. The average dividend expectation above tells us that mature equity trusts are faring well in a soggy property market.

--<u>Briefer and more frequent reviews</u>. Our format is geared to bring you reviews of 128 major stocks three times each year. The list of stocks is included in the covering letter. Each review has been shortened to accommodate this frequency schedule, mainly by summarizing property level details.

--<u>Company addresses</u>. Addresses are included should you want to contact companies directly for more data.

--<u>Stock Ranks</u>. Our exclusive stock ranking system continues and, hopefully, is enchanced by more frequent reviews.

NOW AVAILABLE: Our revised brochure describing our money management services. Send for a free sample copy of our sister service **REALTY STOCK DIGEST**.

KENNETH D. CAMPBELL, PRESIDENT/FAYE KREISMAN, STATISTICS/MICHAEL HOUSTON, ANALYST/AUDIT INVESTMENTS, INC., 136 SUMMIT AVENUE, MONTVALE, NJ 07645-1720 Phone (201) 358-2735

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BURNHAM PACIFIC PROPERTIES, INC.

$18.38 (BPP:ASE) Div. $1.24 Yld. 6.7%

RANK B

BPP is an equity REIT owning properties located in San Diego, Calif. BPP converted to a REIT in Mar. 1987 after operating since 1963 as an MLP.

Earnings/Dividends - A (Dec. yrs):

Period	Op.EPS	Div.(Ann.)	Yld.Range
9/85 Yr.......	$0.50	1.034	7.2-6.9%
9/86 Yr.......	0.41	1.068	8.4-7.1
3/87 (6 mo)...	0.06a	0.53(1.07)	8.5-7.0
12/87 (9 mo)..	d0.01a	0.86(1.14)	7.7-5.3
12/88E........	0.05	1.24	6.9-7.6z
5 Yr.Growth.	NM %	+4.2%	z-To date.

Operating EPS have declined as result of depreciation on new properties. Gross operating cash flow before principal reduction was $0.88/sh. in the Dec. 1987 nine mon. BPP is not treated as a cash flow stock. Quarter operating EPS:

	Mar.	June	Sept.	Dec.
1987.....	$0.04	$0.06	$d0.02	$d0.05a
1988.....				

a-Before property sale gains of $0.38 and $0.22 in 12/87 and 3/87 periods.

Dividends: For 9 mon. 1987 period: 8.3% income; 91.7% return of capital. Current $1.24 annual rate increased with the Mar. 28 payment. Payout could rise to $1.40-$1.50 range in 1-2 years.

Assets & Operations: All properties are in San Diego County. BPP owns net interests in seven retail centers with 492,820 SF; and three office buildings (including one under construction) with 209,825 SF including 159,850 SF Alcoa Office Bldg. in San Diego, acquired 1987 for $23.6 mil. ($147.50/SF). Occupancy: retail, 96.6%; completed offices 100%.

Financial Measures B: Debt of $50.7 mil. is 4.7 times $10.82 mil. equity or $7.26/sh. ($12.06 converted). Debt includes $23 mil. of 8.5% debentures convertible at $17.50/sh. Accumulated depreciation of $3.7 mil. equals $2.50/sh.

Recent development: In Feb. 1988 BPP announced it would merge with Burnham American Properties, a smaller ASE listed REIT under common management. BAP owns net 152,000 SF shopping centers and 129 hotel rooms in N. Hollywood, CA.

Exposure/Recommendation: BPP has demonstrated modest growth in dividends and is a solid holding in a growth area.

Address: 610 W. Ash St., Box 2910, San Diego, CA 92112. (619) 236-1555.

CALIFORNIA REIT

$5.38 (CT:NYSE) Div. $0.40 Yld. 7.4%

RANK C

CT's Texas properties encountered serious problems early in 1987, forcing a dividend cut. In Jan. 1988 CT agreed to merge with two shopping center companies, subject to approval in 1988.

EPS/Dividends-C (Dec. yrs.):

Year	Op.EPS	CFS	Div.	Yld.Range
1984....	$0.55	$0.94	$1.22	12.2-9.3%
1985....	0.58	0.47	1.28	11.9-8.9
1986....	d0.23	0.19a	1.28	12.8-9.7
1987....	d0.19	--	0.64	15.5-5.3
1988E...	NE	NE	0.40	9.1-6.4z
5-Yr.Gr.	NM	NM	-24.3%	z-To date.

CT's 1987 loss was after 50¢ loss provision to write Texas properties to zero. Four Jackson-Shaw partnerships, which own 456,000 SF commercial space, sought Ch. XI protection Feb. 29. Two other Texas partnerships are not current. CT projects 5-12¢ sh. cash flow losses in Texas for 1988, offset by an expected 13¢ sh. pending sale gain.

Dividends: CT paid at a 68¢ annual rate in 1987 to retain REIT status but doesn't expect to pay over 40¢ in 1988.

Assets and Operations: CT holds $35.3 mil. net invested assets at Dec. 1987 divided approx: 40% direct real estate ownership; 19% joint ventures; 39% notes receivable with conversion or other equity features; and 2% leasehold improvements. Properties are 37% San Francisco area, 34% Dallas area, 16% S. Calif., 7% Seattle, and 6% Houston. By property type holdings are 33% apartments with 1,118 units (all but 114 DU in Texas); 50% office/research & development (R&D); 10% shopping center and retail; 7% commercial and other.

CT wrote down Texas investments by $2.5 mil. in 1987 atop $6.3 mil. in '86.

Financial Measures: Debt of $6.4 mil. is 0.16 times shareholders' equity of $39.2 mil. or $7.38/sh.

Recent Development: CT agreed to merge with two shopping center companies, Culpepper Props. and Roebling Investment. The group would buy 1.8 mil. shs. at $7.50; CT would then tender for 1.8 mil. existing shs. at $7.50.

Exposure: Until more is known, we are neutral on CT shares.

Address: 601 Montgomery St., San Francisco, Cal. 94111. (415) 433-1855.

EQK REALTY INVESTORS I

$12.38 (EKR:NYSE) Div. $1.66 Yld. 13.4%

RANK B

EKR was organized in Mar. 1985 as a closed-end REIT intended to be self-liquidating in approx. 14 years. It holds a diversified portfolio of institutional grade properties, some of which are currently feeling market pressure.

EPS/CFS/Dividends - A (Dec. yrs.):

Year	EPS	Op.CFS	Div.	Yld.Range
1985...	$0.66..	$1.01a	0.945	8.3-7.1%
1986....	0.41..	1.64	1.585	10.9- 8.7
1987...	0.09..	1.67	1.66	15.1-10.1
1988E...	NE...	1.68	1.66	14.3-12.9z
4 Yr.Growth.		+7.7%	+9.6%	z-To date.

a-9 mon.; CFS/Div.ann. rate:$1.35/1.26.

EKR earned 9¢ sh. in 1987 under general accounting principles (GAP), plus 1¢ from early debt extinguishment. But GAP income is less relevant than operating net cash flow of $1.67/sh., including noncash amortization of debt discounts and depreciation.

Dividends: EKR's yield range jumped dramatically from 7-9% range after EKR placed $45 mil. of zero coupon notes in Dec. 1985. The deal made about 80.7% ($1.32) of 1987 dividends tax free return of capital, but investors seem to be expecting either a dividend cut or lower values in EKR's properties. We see no dividend cut since the adviser subordinates management fee to the payout.

Assets and Operations: EKR owns three properties: (1) Peachtree-Dunwoody Pavilion, 673,000 SF complex on Atlanta's north side, under market pressure and about 88.6% occupied; (2) Castleton Commercial Office Park, Indianapolis, 46 buildings with 982,000 SF offices and 201,000 SF warehouse, also under market pressure but 91% occupied; and (3) Harrisburg East Mall, two-level enclosed regional mall with 318,000 SF leasable mall space, about 99% leased.

Financial Measures - B: Net debt at Sept. 30 of $70.0 mil. is 0.69 times $101.6 mil. net equity, equal to $14.77/sh. including $1.38/sh. depreciation. Debt includes $54.4 mil. zero note due 1992 net of $40.3 mil. unamortized discount (10.92% effective rate).

Exposure/Recommendation: Shs. are for tax-sheltered income plus recovery.

Address: 3 Bala Plaza East, Box 1565, Bala Cynwyd, PA 19004.(215) 667-2300.

FEDERAL REALTY INVESTMENT TRUST

$21.00 (FRT:NYSE) Div. $1.20 Yld. 5.7%

RANK A

FRT is a Maryland based REIT specializing in renovating older strip and mall shopping centers, mainly located in the Northeast. Growth has been strong.

EPS/CFS/Dividends - A (Dec. yrs.):

Year	Op.EPS	Op.CFS	Div.	Yld.Range
1984...	$0.73a	$1.11	$0.89	5.6-4.2%
1985....	0.75a	1.15	0.98	7.3-5.7
1986....	0.65a	1.17	1.05	6.5-4.5
1987....	0.47	1.29	1.14	6.6-4.4
1988E...	NE	1.40	1.24	6.5-5.7z
5 Yr.Growth.		+6.0%	+8.6%	z-To date.

a-+Sale gain:'84-.30; '85-.12; '86-.61.

Operating EPS of $0.47 in 1987 was after 4¢ cost of litigation settlement. Operating net cash flow (CFS) included 3¢ from accounting change at one center and 12¢ accretion of debenture premium; CFS would have been flat ex these items.

Dividends: FRT increased its dividend during 1987 to $1.20 annual rate, or 88% of available cash. We'd expect a modest uptick during 1988. Tax status of 1987 payout isn't known; about 22% was taxfree return of capital in 1986.

Assets & Operations: FRT now owns 35 shopping centers with 8.0 mil. SF, with major concentrations in Washington, Philadelphia, and Vir./N.C. In Jan. FRT bought 250,000 SF Andorra Ctr., Phil., for $14.3 mil. cash ($57/SF) and 219,000 SF Brainerd Vil. Ctr., Chattanooga, for $9.85 mil. ($45/SF). FRT aims to buy older centers in strong locations insulated from competition, and then renovate and remerchandise them.

Financial Measures - A: Debt of $232.2 mil. at Sept. 1987 was 2.2 times $104.6 mil. equity at cost and 0.8 times stock market value. Debt is 48% mortgages and capital leases & 52% debentures mostly convertible at $30.63. We estimate equity at market at about $26-$28/sh.; cost basis is $10.04 including $2.65 accumulated depreciation.

Exposure/Recommendation: FRT's focus upon opportunistic purchases of older strip centers with major leases about to expire has produced excellent results. Competition is heating up but FRT has leasing strength and $6.90/sh. cash to expand without diluting EPS.

Address: 4800 Hampden Ln., #500, Bethesda, Md. 20814. (301) 652-3360.

FIRST UNION REAL ESTATE INVESTMENTS

$21.38 (FUR:NYSE) Div. $1.50 Yld. 7.0%

RANK A

This major nationwide owner of institutional grade shopping centers and offices continues showing slower growth as two renovated centers drag EPS.

EPS/CFS/Dividends - A (Dec. yrs.):

Year	Op.EPS	Op.CFS	Div.	Yld.Range
1984	$1.17a	$1.32	$1.15	5.7-4.0%
1985	1.20a	1.40	1.32	5.0-4.1
1986	1.18a	1.39	1.455	8.7-5.6
1987	1.06a	1.29	1.50	9.4-5.3
1988E	NE	1.35	1.50	8.3-5.9z
5 Yr.Growth.		+0.6%	+6.9%	z-To date.

a-Plus Cap. gains: '84-0.21; '85-0.12; '86-0.22; '87-0.37.

While operating EPS and CFS fell 10% and 7% respectively in 1987, FUR realized gains on property sales from prior years to support the dividend. FUR will realize $1.32 deferred gains over the next five years at about 20¢-30¢ a year. Two slow leasing centers accounted for the bulk of 1987 declines. We expect modest CFS gain in 1988, but concern focuses on 1991-1994 when $89 mil. high-yield loans mature.

Dividends: FUR held its $1.50/annual dividend in 1987 and we expect no uptick in 1988. Neither do we think a cut is likely. Dividends are up 16.5% annually over five years. 1987 payout was 33% (49¢) capital gains.

Assets & Operations: FUR's $345.1 mil. invested assets net of depreciation are 73% properties and 27% mortgages. Properties are 71.5% in 17 shopping centers (mostly enclosed malls) with 5.78 mil. net SF at $38.06/SF cost; 24% in eight major urban offices with 1.79 mil. SF at $41.30/SF cost; and 4.5% in hotel, parking and land leases.

Leasing was slow in Peach Tree Mall, Marysville, Cal. and Westgate Towne Center, Abilene, Tex., both renovated. Some office markets were slow.

Financial Measures - A: Debt of $201.5 mil. is 1.9 times $107.4 mil. equity at historic cost, but 0.52 times FUR's $388 mil. equity value in the stock market. Equity plus accumulated depreciation equals $8.99/sh.

Exposure/Recommendation: FUR is a long-term hold pending leasing progress.

Address: 55 Public Sq., #1900, Cleveland, O. 44113. (216) 781-4030.

INTERNATIONAL INCOME PROPERTY INC.

$13.25 (IIP:ASE) Div. $1.04 Yld. 7.8%

RANK A

IIP owns major mall shopping centers. Sponsors are major Australian real estate operators.

EPS/CFS/Dividends - A (Dec. yrs.):

Year	Op.EPS	Op.CFS	Div.	Yld.Range
1984	$0.19a	$0.68	$0.87	10.5-7.3%
1985	0.19	0.70	0.94	10.2-8.3
1986	d0.10	0.63	1.00	9.9-6.8
1987	d0.23	0.76	1.04	9.5-6.4
1988E	NE	0.80	1.04	8.8-7.5z
5 Yr.Growth.		+4.1%	+4.6	z-To Date.

a-Plus capital gains: '84-0.18.

IIP lost 23¢ from operations in 1987, including 4¢ extraordinary charge. Higher depreciation on Park City Center, Lancaster, Pa. (100% owned thruout the year), was cited. IIP recorded a 5¢ charge for mortgage prepayment in 1986. Net operating cash flow above is computed by Audit.

Dividends: Distributions of $1.04 rose 4% in 1987. With operating cash flow covering only about 73% of distributions, we expect little upside in 1988. Tax status isn't known yet but payout has been about 80% taxfree capital return.

Assets & Operations: IIP owns a net 2.27 mil. sq. ft. in five major centers, its space divided 1.94 mil. SF in mall stores (86% of space) and 322,000 SF leased to anchors, with J.C. Penney accounting for 65% of this. The five centers contain a total 4.57 mil. SF, and anchors own 50.4% (2.3 mil. SF).

Center	Total SF	IIP %
Oglethorpe, Savannah	814 Th.	51.4%
Northgate, Chattanooga	805 "	45.0
#Landmark, Alexandria	687 "	18.1
Meadows, Las Vegas	893 "	35.3
Park City, Lancaster	1,373 "	76.1

Open center, converting to mall.

Financial Measures - A: IIP's debt of $136.2 mil. at Sept. 1987 is 2.2 times $61.3 mil. equity at cost but only 0.9 times equity of $151 mil. at current stock prices. IIP estimates year-end current net asset value at $207.9 mil. or $18.26/sh., based on appraisals.

Exposure/Recommendation: IIP is positioned to benefit from retailing growth by smaller, mall tenants.

Address: 100 Park Ave., New York, N.Y. 10017. (212) 972-4080.

IRT PROPERTY CO.

$16.13 (IRT:NYSE) Div. $1.32 Yld. 8.2%

RANK A

IRT has emerged as a major Southeastern shopping center owner; it acquired Harris Teeter Props. 12/87.

EPS/CFS/Dividends - A (Dec. yrs.):

Year	Op.EPS	Op.CFS	Div.	Yld.Range
1984	$0.85a	$0.98	0.94	10.7-7.6%
1985	1.04a	1.15	1.13	9.8-8.0
1986	0.85a	1.03	1.45	11.7-7.6
1987	0.76a	1.09	1.30	10.1-6.4
1988E	NE	1.20	1.36	9.4-8.1z
5 Yr.Growth.		+5.2%	+9.7%	z-To date.

a-Plus sale gains: '84-0.87; '85-0.19; '86-0.38; '87-0.07.

IRT's EPS in 1987 fell 10% for three reasons: costs of the Harris-Teeter merger cost 5¢; accrual of possible premiums on IRT's 2% convertible debentures, issued in 1987, hurt EPS by 10¢; and additional depreciation on a larger portfolio cost 21¢. Net operating cash flow of $1.09/sh., before special items, rose 6% including merger costs.

Dividends: Dividends actually rose 5% to $1.30 since the $1.45 payment of 1986 included 21¢ special capital gain payout; current annual rate is $1.32/sh. and we see some further boost this year.

Assets and Operations: By acquiring Harris-Teeter Props., IRT added interests in six Southeastern shopping centers with 351,000 SF. The acquisition gives IRT about 4.17 mil. SF shopping center space in 51 centers, mainly in N.C., S.C., Fla., and Ariz. Cost is about $27.65/SF.

Financial Measures - A: Pro forma debt of $93.4 mil. at Dec. 31 was 1.06 times $87.6 mil. shareholders' equity at cost. Net book value is $10.62/sh. including $1.46/sh. accumulated depreciation. Liquidity is good. Debt includes $25 mil. of 2% debentures convertible at $23. Holders may require redemption in 1991 and 1993.

Recent development: In Jan. IRT sold Colonial Plaza Ctr., Fort Myers, Fla. for $6.5 mil. or 68¢ sh. gain.

Exposure/Recommendation: IRT is well positioned in direct financing leases and more aggressive strip and mall shopping centers. Strong hold/buy.

Address: 200 Galleria Pkwy. NW, #1400, Atlanta, Ga.30339. (404)955-4406.

REAL ESTATE INVEST. TRUST OF CALIF.

$18.38 (RCT-NYSE) Div. $1.34 Yld. 7.3%

RANK A

This small but growing equity-oriented trust's assets have exceeded $100 mil. With yields below requirements, RCT will work on improving cash flow in 1988.

EPS/CFS/dividends - A (Dec. yrs.):

Year	Op.EPS	Op.CFS	Div.	Yld.Range
1984	$1.22a	$1.32	$1.22	10.4-9.3%
1985	1.18a	1.27	1.28	9.8-7.1
1986	1.17	1.32	1.28	9.5-7.0
1987	1.09a	1.31	1.335	9.4-6.4
1988E	NE	1.35	1.34	8.3-6.9z
5 Yr.Growth.		+0.6%	+2.4%	z-To date.

a-Plus gains on sales: '87-$0.17; '85-$0.05; '84-$0.02.

RCT conservatively matches payout with operating cash flow which was flat in 1987 and looks level for 1988. Focus will be in improving cash flow via upgrading tenancies. Dividends won't expand much in 1988; payout included capital gains of $0.20 ('87) & $0.10 ('85).

Assets & Operations: RCT holds 29 income producing properties all in southern Calif. with 91% within a 60-mile radius of downtown Los Angeles. $105.2 mil. in assets are divided 21% mortgage loans; 69% direct property ownership; 2% direct financing leases; and 1% unconsolidated partnership. By property type, equities are 52% shopping center and retail with 917,000 sq. ft.; 20% commercial/industrial with 482,000 SF; 6% apartments with 652 units; 21% office with 140,500 SF; and 0.5% ground leases.

Financial Measures - A: Debt of $20.4 mil. is a low 0.24 times equity of $83.6 mil. at historic cost, while at current stock prices debt falls to 0.21 times equity of $97.4 mil. Equity plus depreciation of $4.7 mil. is $12.13/sh. Liquidity is good.

Recent development: RCT sold 1.415 mil. sh. in Nov. '87 at $17/sh., netting $22.8 mil.; funds repaid bank debt.

Exposure/Recommendation: Conservative management has helped RCT expand from its Ventura County base. Its advisor, William Walters Co., oversees $900 mil. of property for institutions and thus sees many new investment offers. Long-term buy/hold at current yield.

Address: 12011 San Vicente Blvd., No. 700, L.A., CA 90049. (213) 476-7793.

SANTA ANITA COMPANIES

$28.88 (SAR-NYSE) Div. $2.04 Yld. 7.1%

RANK A

SAR pairs a REIT investing in properties (Realty), notably the Santa Anita racetrack; and an operating company (Operating) staging racing meets and developing income properties for sale.

Earnings/Dividends - A (Dec. yrs.):

Year	Op.EPS	Div.	Yld.Range
1984..........	$2.03a	$1.84	9.8-7.5%
1985..........	2.07a	1.94	9.4-7.6
1986..........	1.58a	2.015	8.6-6.2
1987..........	d.58	2.04	8.7-6.0
1988E.........	2.15	2.04	7.6-6.7z
5 Yr.Growth.	NM %	+2.6%	z-To date.

a-Plus discontinued oper: '86-($0.11) with disposition gain of $0.73; '85-($0.01); '84-($0.06).

SAR's 1987 net loss included $17.5 mil. ($2.09/sh.) write-off on the operating Co.'s investment in and advances to Canterbury Downs, Minn. racetrack joint venture. Realty cash flow of $2.13/sh. was up 1%. The big play in SAR is potential lease rollovers on 37% of 371,000 SF mall space at 50%-owned Santa Anita Fashion Park in 1989.

Dividend: Net income didn't cover '87 dividends, so '88 will be flat.

Assets and Operations: Realty's major assets were stronger in 1987: Revenues from thoroughbred racing increased 7% to $74.8 mil. from $69.8 mil. in 1986. After losing some business to state lottery, SAR should benefit from race simulcasting. Six sites were in place Feb. generating what SAR had expected from all 11 sites (expected completion next year). Real estate should play a larger part in SAR's earnings in 1988 as an office park matures and lower risk joint ventures kick in.

Financial Measures - A: Sept. 1987 debt of $62 mil. is 1.2 times equity at $51.5 mil. ($6.12/sh.) historic cost and 0.3 times equity at current stock price.

Exposure/Recommendation - A: SAR's established base helps it compete in the competitive racing and wagering industries; increased joint ventures and race simulcasting should help smooth annual cyclicality of racing income. With dividend likely flat, but with little downside, shares are a longer-term hold.

Address: 285 West Huntington Dr., Arcadia, Calif. 91006. (818) 574-7223.

STORAGE EQUITIES INC.

$12.38 (SEQ-NYSE) Div. $1.40 Yld. 11.3%

RANK C

SEQ is the nation's largest mini-warehouse owner and holds interests in 260 properties, mostly self-storage facilities. SEQ shares have been on a downward spiral for over two years now, largely because of rapid expansion of shares outstanding keyed to SEQ's method of acquiring properties and raising capital. Major dilution may be abating, rapid property acquisitions that proved difficult to digest have slowed, and fundamentals could reassert themselves.

Earnings/Dividends - A (Dec. yrs.):

Year	Op.EPS	Div.	Yld.Range
1984..........	$1.33	$1.76	11.6-9.4%
1985..........	1.10	1.88	11.3-8.6
1986..........	1.04a	1.66	12.0-8.1
1987..........	1.00	1.40	14.0-8.8
1988E.........	1.00	1.40	13.0-10.7z
5 Yr.Growth.	-6.9%	-5.6%	z-To date.

a-Plus sale gains of $0.21/share.

SEQ's $28.4 mil. revenues in 1987 rose 23%. EPS fell 4% however on 9% more shares. SEQ cited increased expenses tied to integrating new properties, plus higher G&A and maintenance costs.

Dividends: SEQ pay-out has held level at $1.40 since a 27% cut in Sept. 1986. Operating CFS of $1.33 didn't cover 1987 payout, so outlook is flat.

Assets & Operations: Weighted average occupancy in 260 facilities at Sept. 30, 1987 was 84%. Facilities are widely diversified. We regard mini-warehouses as an excellent way to inventory land, since land averages about 33% of total property cost, vs. 10%-15% for many other property types. If land appreciates, the minimal structure can be torn down and land put to other use. Sept. weighted average monthly scheduled rental rate per rentable SF was $0.57.

Financial Measures - B: SEQ's $77.6 mil. in debt at Sept. 30. was 0.48 times $163.2 mil. equity at historic cost (equal to $15.34/sh.). Debt is 0.59 times equity at current stock prices.

Exposure/Recommendation: Profitability of direct property operations appears to have stabilized despite the competitive nature of mini-warehouses. Shs. are holds for speculative recovery.

Address: 1015 Grandview Ave. P.O.Box 25050, Glendale, CA 91201.(818)224-8080.

UNITED DOMINION REALTY TRUST

$18.00 (UDRT-OTC) Div. $1.04 Yld. 5.8%

RANK A

UDRT has carved out an important niche as an apartment renovation and upgrading specialist, mainly in NC & VA.

Earnings/Dividends - A (Dec. yrs.):

Year	EPS	Op.CFS	Div.	Yld.Range
1984....	$0.31a	$0.87	$0.82	7.0-8.9%
1985....	0.22a	0.97	0.94	6.5-8.7
1986....	d.08	0.91	0.96	5.5-7.7
1987....	0.16	1.08	1.02	5.4-7.2
1988E...	NE	1.16	1.10	6.2-6.7z
5 Yr.Growth.		+ 7.5%	+7.6%	z-To date.

a-Plus sales gains: '86-$0.33 & $0.04 debt retire. loss; '85-$0.06; '84-$1.31.

Operating cash flow jumped 18% in 1987 even after a 39% boost in average shares. Results came from a 2% gain in apartment occupancy to 93%, lower apartment operating expenses, and new shopping center leases.

Dividends: UDRT'S dividend payout rose 6% in 1987 and we think more upticks are likely this year.

Assets and Operations: UDRT owns 26 apartment complexes with 5,461 units and 15 shopping centers with 1.5 mil. SF. Cost is low: $20,725 average per apartment and $26.85 per SF for centers. Stronger apartment demand in Richmond and Charlotte, UDRT's two major markets, led to higher rental income and lower advertising and promotion expenses.

Financial Measures- A: Total debt of $104.1 mil. is 2.0 times equity of $50.8 mil. at cost and includes $49 mil. mortgages and $23 mil. of 9% subordinated debentures (convertible at $15.55 per share) sold in July 1985.

Recent development: In Nov. '87 UDRT acquired 108-DU Craig Manor Apartments, Salem, Vir. for $2.7 mil.; and 104,000 SF Gloucester (Vir.) Courthouse Shopping Center for $2.4 mil. or approx. $23/SF. In Dec. '87 UDRT purchased 296-DU Rollingwoods Apartments, Newport News, for $8.1 mil. ($27,365/unit).

Exposure/Recommendations: By staying in a carefully defined market niche and watching costs closely, UDRT is able to grow. Prospects for lower apartment building may help in 1988 by limiting supply. We see continued growth and would accumulate at current price.

Address: 5 E. Franklin St., P.O.Box 12365, Richmond, VA 23241 (804)780-2691.

WASHINGTON REIT

$25.75 (WRE-ASE) Div. $1.40 Yld. 5.4%

RANK A

WRE's remarkable long-term growth has resumed after a recent stall. All properties are in Washington, D.C. Two problem properties have been worked out; WRE looks to strengthen rents in 1988.

Earnings/Dividends - A (Dec. yrs.):

Year	EPS	Op.CFS	Div.	Yld.Range
1984....	$1.04	$1.11	$1.00	5.9-4.2%
1985....	1.12a	1.23	1.17	7.8-5.8
1986....	1.12	1.28	1.28	6.9-4.8
1987....	1.15	1.37	1.31	7.5-4.9
1988E...	NE	1.45	1.40	6.1-5.4z
5 Yr.Growth.		+6.9%	+8.8%	z-To date.

a-Plus cap. gains $0.46.

Operating CFS rose 7% in 1987 as result of strong leasing at 360,000 SF One Metro Sq. building in Rockville, Md. and 108,000 SF Commerce Dept. bldg.

Dividend: Dividends have grown by 13.0% annual compound rate over 10 years. Dividend rate rose 9% to $1.40 in 1987. Payout was all ordinary income in 1987. Hike is possible in late '88.

Assets and Operations: Invested assets are all directly owned properties totaling $85.9 mil. At cost they are:

Type	Mil.$	SF/DU	Per SF/DU
Shopping ctrs..	$29.7M	800Tsf	$37.15
Office bldgs...	22.3	559Tsf	39.90
Apartments.....	18.6	1,297DU	14,390
Business ctrs..	15.2	604Tsf	25.23

Financial Measures - A: $12.9 mil. debt is 0.20 times $63.0 mil. equity ($6.86/sh. book). Depreciation is $2/sh.

Recent Development: In Nov. '87 WRE purchased 68,750 SF All-American Distribution Center in Penn Belt Bus. Park, including six acres, for $2.5 mil. ($36.36/SF). WRE wants to attract tenants to its business parks that need to be in the Wash. D.C. area but can't pay premium rents. A major tenant at the Bradlee Shopping Center recently renewed with a substantial increase in rent.

Exposure/Recommendation: WRE has stayed close to its Washington, D.C. base. It owns 27 diversified properties, so that one property's success or failure can't have major adverse consequences. Most properties are middle market bread-and-butter types. Risk is limited by keeping leverage low.

Address: 4936 Fairmont Avenue, Bethesda, MD 20814. (301) 652-4300.

WEINGARTEN REALTY INC.

$25.13 (WRI-NYSE) Div. $1.68 Yld. 6.7%

RANK B

Established 39 years ago, this Houston-based shopping center developer converted to REIT format in 1985. Growth has been strong in weak markets.

Earnings/Dividends - A (Dec. yrs.):

Year	EPS	Op.CFS	Div.	Yld.Range
1985....$1.14		1.82	0.97	20.4-4.7%
1986.... 1.27		1.93	1.56	8.0-6.2
1987.... 1.28		2.04	1.60	8.6-5.2
1988E... NE		2.10	1.68	7.5-6.7z
4 Yr.Growth.	+4.9%	+20.1%	z-/To date.	

WRI's 1987 CFS rose 5.7% on a 10% revenue gain to $61 mil. Aggressive leasing and cost controls were cited.

Dividends: Current payout rate rose 5% in 1987 and we see further gains in 1988. WRI pays only 78% of cash flow in dividends, among the industry's lowest and most conservative ratios.

Assets and Operations: WRI's overall portfolio was 92% leased at year end; 94% for shopping centers, which are approx. 92% of its overall portfolio and account for approx. 90% of rental revenues. WRI owns 103 centers with 7.6 mil. sq. ft. It also owns 1.4 mil. SF industrial, plus three apartments, one office, and 32 unimproved parcels with 8.6 mil. SF (197 acres). Properties are located 77% Houston and Harris County; 13% other Texas; 10% La.; 4% Ark.; 3% New Mexico; rest Maine and Tenn.

Financial measures - B. Debt of $167 mil. at Sept. 30, is 1.5 times $103 mil. equity at cost. Equity plus depreciation is $13.13/sh.

Recent developments: WRI holders vote Mar. 22 on a proposal to convert to a Tex. trust from a Tex. corp. to reduce its administrative expenses; its REIT status will be unaffected. WRI settled a dispute with Safeway Stores Inc. Mar. 1, receiving a cash payment of $1.8 mil. and resulting in termination of five leases with a agreement by Safeway not to close stores in WRI centers. The cash payment will be primarily used to refurbish the stores with the remainder recognized as income in the Mar. qtr.

Exposure - B. WRI has strong development and leasing capability; shares are strong buys for Texas recovery.

Address: 2600 Citadel Pl. Dr., Box 924133, Houston, TX 77292 (713)866-6000.

WESTERN INVESTMENT REAL ESTATE TR.

$17.75 (WIR-ASE) Div. $1.24 Yld. 7.0%

RANK A

WIR invests, mainly thru participation mortgages, in shopping centers in northern and central Calif. and Nev.

Earnings/Dividends - A (Dec. yrs.):

Year	Op.EPS	Op.CFS	Div.	Yld.Range
1984A...$0.84		$1.02	$0.96b	6.5-5.4%
1985A... 0.91a		1.05	1.03	6.1-4.8
1986A... 1.01a		1.15	1.09	5.7-4.2
1987A... 1.07		1.27	1.165	8.7-5.7
1988E... NE		1.35	1.25	7.8-7.0z
5 Yr.Growth.	+7.3%	+6.8%	z-To date.	

a-Plus sale gains of $0.07; b-Before 3¢/sh. special dividend.

CFS boomed 10.4% in 1987, even after absorbing a 46% gain in average shares. WIR attributed gains to increased income from recent acquisitions and additional rents from older properties. No capital gains came in 1987.

Dividends Dividend rate rose to $1.24 in Mar. '88; another boost isn't seen in '88. Payout is 92% of cash flow.

Assets & Operations: Investments consist of 71% equity ownership; 14% participating convertible loans; 3.3% direct financing leases; 11.4% short-term mortgages. By property type, its 39 properties at Dec. 1986 were 63% shopping center and supermarket; 16% office/medical; 11% financial institution office; 7% industrial; 2% restaurant. About 65% of properties are under operating leases, most providing for additional rent based on sales, consumer prices or other variable; and 30% under convertible or participating mortgages (this percentage will rise as recent offerings are funded). All investments are in N. Calif., S. Calif., and Nev.

Financial Measures - A: Sept. 30, 1987 debt of $8.2 mil. is 0.05 times the $150.8 mil. shareholders equity, equal to $12.59/sh. Accumulated depreciation equals 53¢ sh. for total $13.13 historic cost value. Liquidity is adequate for WIR's aggressive property expansion.

Exposure/Recommendation: WIR is departing from its conservative history to finance construction of shopping centers. WIR seems to have built in adequate safeguards to handle leasing and building risks. Hold.

Address: 3450 California St., San Francisco, CA 94118. (415) 929-0211.